



June 2001

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Cynthia Rocha  
*University of Tennessee*

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### Recommended Citation

Rocha, Cynthia (2001) "From Plant Closure to Reemployment in the New Economy: Risks to Workers Dislocated from the Declining Garment Manufacturing Industry," *The Journal of Sociology & Social Welfare*: Vol. 28 : Iss. 2 , Article 5.  
Available at: <https://scholarworks.wmich.edu/jssw/vol28/iss2/5>

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# From Plant Closure to Reemployment in the New Economy: Risks to Workers Dislocated from the Declining Garment Manufacturing Industry

CYNTHIA ROCHA  
UNIVERSITY OF TENNESSEE  
COLLEGE OF SOCIAL WORK

*The current study investigates financial and emotional consequences to workers as the U.S. economy continues to shift from a manufacturing to a service economy. One hundred eighty-eight garment workers were surveyed before their plant closed in 1998 and six months later to assess reemployment opportunities, financial difficulty and emotional well-being. All workers experienced some financial difficulty after the plant closed, with single parents reporting the greatest financial difficulty. Workers who became immediately reemployed lost an average of \$2.41 in wages per hour. Sixteen percent of the sample lost their health insurance. Overall depression and anxiety scores declined over six months, but not evenly. Men and single women did not significantly decline in depression or anxiety. Financial difficulty was the most important predictor for both depression and anxiety. Immediate reemployment served to increase depression in the presence of financial difficulty.*

The late 1990s were characterized as a time of economic prosperity in the U.S., with falling unemployment rates and rising corporate profits. But there was a large sector of the labor force plagued by stagnant and declining wages, involuntary and part time employment, and decreasing job security. Much of the professional literature on the alleviation of financial hardship for families focuses on job creation and training for the unemployed and those on welfare. Yet there is growing evidence that public policy is focusing increasingly on job search and on-the-job training, rather than education, both for dislocated workers and

those on welfare. New welfare reform legislation stresses quick job entry, job placement, search assistance and limited educational attainment (DHHS, 1998). The Workforce Investment Act (1998), which repeals the Job Training Partnership Act (JTPA), sees training as a last resort, emphasizing instead job search assistance and employment counseling. At the same time, there is growing attention paid to the "working poor," those individuals who are already working, but still remain close to, or below, the poverty level (Rocha, 1997a). This group will increasingly challenge social work practice and public policy as our labor market continues to shift toward a low wage service sector economy for unskilled workers and our policies continue to de-emphasize education and training for workers.

The service and retail industries accounted for 83.3% of all new jobs between 1989 and 1995. At the same time, the manufacturing industry, once considered the most stable employer in the U.S. for non-college educated workers, declined in the 1990s. In fact, between 1979 and 1995 the manufacturing industry lost over 2 million jobs (Mishel, Bernstein & Schmitt, 1997). This decline is due, in large part, to increased competition with foreign corporations, as well as an increase in American companies who have shifted all or part of their production off-shore to lower wage countries.

In addition to the stress associated with continued downsizing of the manufacturing industry, there is a real threat of chronic financial difficulties for workers. Part of this difficulty stems from the lower wages offered by service and retail jobs, as well as a growth in involuntary part time and temporary work (Mishel and Bernstein, 1994). These jobs are also less likely to provide employer-related health insurance, with the poorest workers least likely to receive health insurance at work. In the five year period between 1988 and 1993, for example, employer related insurance covering the poorest workers declined from 35.5% to 30.3%. This is compared to 57.2% of Americans overall covered by employer-related health insurance benefits in 1993 (Shapiro & Parrott, 1995).

This shift in industry presents important new challenges for unskilled and semi-skilled workers. While the unemployment rate has declined sharply since the 1980s, the poverty rate has not kept pace with employment rates. For example, while the

unemployment rate fell to a low of 4.3% in August of 1999, 22% of U.S. children under the age of six lived in poverty the same year (U.S. Department of Labor, 1999; National Center for Children in Poverty, 1999). That number rose substantially for young African American (40%) and Hispanic children (38%). Sixty-five percent of these children lived in families with at least one employed parent. The problems that workers are dealing with presently are not the stressors from unemployment, but from an increasingly unstable, low-paying labor market.

The present industry shift from a manufacturing to service economy allows an opportunity to study how the transition affects workers, both financially and emotionally. The present descriptive study looks at demographic sub-groups of displaced garment manufacturing workers, both at the time of the plant closing and six months later to assess reemployment and job training status, financial difficulty and emotional well-being. The study poses the following questions: In terms of gender, marital status, and race, who experienced greater financial adversity and emotional distress after the plant closed? Which of these sub-groups experienced financial and emotional recovery more fully, six months later? Does obtaining work immediately after the closing rather than attending job training programs make a difference in financial and emotional recovery for these workers?

### Effects of Plant Closures

There was a great deal of interest in the 1980s on both the economic and mental health consequences of unemployment. Numerous studies done in the 1980s found deleterious effects on individual functioning resulting from plant closures and layoffs (Kessler, Turner & House, 1988; Hamilton, Broman, Hoffman & Renner, 1990; Liem & Liem, 1988; Kong, Perrucci & Perrucci, 1993). Unemployment resulting from plant closures increased levels of financial hardship and emotional and physical distress of the workers. Plant closings increased marital strain and children's behavioral difficulty, largely through the financial strain that was experienced (Perrucci, 1994). In fact, it was through financial pressure that the most significant effects of unemployment on individual and family functioning were found.

The research of the 1980s made great strides in understanding how short term unemployment affected workers and their families. There were fewer studies of dislocated workers conducted in the 1990s and these were either cross-sectional studies of workers immediately after a plant closing (Vosler and Page-Adams; Tang & Crofford, 1999), community samples of job seekers that were not necessarily dislocated (Vinokur, Price & Caplan, 1996) or national data sets of displaced workers that rarely assess mental health (Benedict & Vanderhart, 1997; Smith & Rubin, 1997; Hipple, 1997). However, for those that did assess mental health consequences for workers in the 1990s, similar patterns of negative outcomes were found.

### Literature on Reemployment and Well-being

While numerous studies have shown adverse effects on individual functioning from plant closures, previous research also indicates that workers can bounce back relatively quickly from plant closures in the right circumstances. Kessler, Turner and House's (1989) one year follow-up, for example, found that their reemployed sample had experienced emotional recovery similar to a control group of stably employed workers. But Liem and Liem (1988) found that their reemployed blue collar sample had significantly higher levels of emotional strain than their stably employed control group, even after several months of reemployment. They attributed this to a possible psychological adjustment period to their new job. However, in other comparisons of reemployment, Burke (1986) found differences in well-being by whether employees found jobs with similar wages, working hours, and other employment characteristics associated with job satisfaction. In a discussion of these issues, Turner, Kessler & House, (1991) speculate that work conditions may lead to a loss of well-being. "If a consistent pattern of deskilling continues over the remainder of this century, as some have suggested, then a new kind of job loss will become increasingly common, with workers being retrained to take on jobs that are less rewarding than their previous jobs" (Kessler, Turner, & House, 1989, p. 654).

## Risk Factors for Increased Vulnerability after Job Loss

### *Financial Distress*

Previous research indicates that the effects of unemployment on health operate primarily through financial strain (Kessler, Turner & House, 1987). For those unemployed workers without financial problems, the negative effect on emotional well-being was half that of those with financial difficulty. In Mark Rank's (1994, p. 177) study of welfare families, he found that families lacking personal resources, human capital and economic assets "have a more difficult time weathering crises". Briar (1988) concurred with this finding in her study of unemployed workers, noting that without an economic cushion of some kind, workers may plummet financially. Financial distress is clearly related to several indicators of emotional distress, including depression, anxiety, somatization, and self-reported physical problems (Vosler & Page-Adams, 1996; Turner, Kessler & House, 1991), as well as the quality of marital and family relationships (Conger & Elder, 1994; Perrucci & Targ, 1988; Voydanoff & Donnelly, 1988).

These facts related to financial distress take on greater importance when the reality of the new economy is taken into account. The literature clearly shows that many of the expanding industries for unskilled workers tend to be primarily low wage industries (Mishel & Bernstein, 1994). Without additional human capital investment, either in the form of increased education or on the job training, displaced workers may take a substantial cut in pay during reemployment. Indeed, Rocha (1997b) found that human capital investments and assets were the most important predictors of financial well-being for female-headed families. Thus, it is important to assess the wages of reemployment and the effects of both reemployment and training on emotional well-being.

### *Demographic Risks*

Looking at all workers together may mask some of the important demographic differences for financial vulnerability. For example, the concept of "feminization of poverty" was coined to emphasize the increasing number of poor women now heading

households and the high rates of poverty among this group (Hill, 1985). In fact, female-headed families are the fastest growing population in poverty, making less than half the median annual income of all families, and 76.7% of men's earnings (U.S. Department of Labor 1993; Mishel, Bernstein & Schmitt, 1997). In a study comparing male and female laid off auto workers, Gordus and Yamakawa (1988) found that women had less seniority and therefore longer layoff periods than men, collected less supplemental unemployment benefits, and suffered much higher income losses than men after reemployment.

While gender is generally included as a control variable, only a few studies on plant closings have investigated group variations in mental health outcomes by gender, and these results have been largely inconclusive. Kessler and McLeod (1984), for example, did not find significant differences in mental health outcomes between men and women. But Perrucci, Perrucci and Targ (1997) found that women reported higher levels of economic distress, but did not show significant differences in depression from men.

The rapid deindustrialization of the last two decades has major implications for minority families as well. In a review of post-industrial displacement, Bowman (1988) notes "racial minorities in general and black males in particular, are grossly over represented in the blue collar occupational categories being displaced" (p. 78). Minorities also are at a higher risk for job loss during recessions and are less likely to regain employment when economic recovery occurs. Because of their later entry into many fields and therefore lower seniority, women and minorities both are at greater risk for unemployment, longer durations of layoffs, lower levels of supplemental benefits, and greater financial hardship (Gordus & Yamakawa, 1988).

As with women, racial and ethnic-based differentials of the impact from unemployment on mental health have received little attention in either research on plant closings and unemployment, or in economic pressure in general. Many studies do not consider the effects of ethnic and cultural factors in the context of economic hardship. Some investigators make no mention of race or ethnicity (Perrucci & Targ, 1988), whereas others have samples composed solely of Euro-Americans (e.g. Conger & Elder, 1994; Friedemann & Webb, 1995).

*Gaps in Current Knowledge Regarding Reemployment Opportunities for Dislocated Workers.*

The present study addresses several of the gaps in the literature cited above. Current research in the 1990s on plant closings in general, and reemployment effects in particular, is lacking. The studies available on the mental health effects of reemployment are largely from plant closings in the 1980s. We do not have a clear understanding of the mental health consequences to individuals who are reemployed in the service economy. There is also a dearth of literature that examines in depth the impact of plant closings and subsequent reemployment on mental health by demographic risk factors. Surprisingly few studies have causally linked minorities and women to economic pressure and, in turn, linked economic pressure to increased disparities in mental health.

Finally, there have been no studies that examine the process of retraining dislocated workers. What effect does the period of retraining have on workers' financial and emotional well-being? Does this vary by demographic characteristics? In an economy where there are many jobs available, are workers better off if they are immediately reemployed, rather than in training?

### The Conceptual Framework of the Study

Given the gaps in knowledge listed above, the purpose of this study is two-fold. The first purpose of the study is to document the financial and mental health consequences of employment dislocation in the 1990s, immediately after job loss and six months later, on demographic sub-groups of workers. Which workers are more adversely affected? Who recovers more quickly? Does immediate reemployment assist in financial and emotional well-being more quickly than training? These questions have largely been left unanswered in the service economy of the 1990s.

Second, there are two competing hypotheses that this study will address. The first is our current national policy for workers, which suggests that "any job is a good job", reflected by current welfare reform legislation and the Workforce investment act, both emphasizing quick job entry, job placement, job search assistance, and limited educational attainment (DHHS, 1998; Work Force Investment Act, 1998). Specific services to adults and discouraged



workers provided by these policies center on job search activities, while training is seen as a last resort. The second and competing hypothesis is reflected in Kessler, Turner and House's (1989) speculation that the service economy is producing a new kind of job loss in the 1990s, with new jobs that cannot maintain the same standards of living as the old manufacturing industry did. If this is the case, than "any job" is not necessarily a "good job" if there is a decrease in wages and a lack of benefits. Therefore, if the emotional stress exhibited by reemployed workers is a function of financial distress, than Kessler, Turner and House's hypothesis will be supported, and our current policies regarding reemployment and training will be put into question.

### The Family Well-being Study

In November of 1997, a national garment manufacturer announced they would close their largest manufacturing plant in the southeast, laying off over 2000 workers. Unlike many industries, the manufacturer gave a very nice severance package to it's employees and hired a national education firm to coordinate retraining activities for its workers. The union, the company and the contracting firm all worked closely together to iron out details of the severance package and retraining. By June, 1998, the plant was completely closed, although certain sections of the plant had been laying off since February, 1998. All employees received a check for their average income through June, a lump sum representing three weeks of pay for each year of service, and up to 18 months of health insurance coverage (King, 1998).

### Methodology of the Study

#### *Sample and Data Collection*

The sampling procedure used for the study was a stratified systematic sampling technique with a random start. The sampling frame consisted of all blue-collar employees from the closed plant. Management and administrative personnel were excluded from the study. The project had six interviewers who received interviewer training. Respondents had the same interviewer for both data collection periods. Each interview took approximately 45 minutes to 1 and ½ hours to conduct. During May and June

of 1998, before the plant closed its doors, 10% of the plant's 2000 workers were sampled. One hundred and ninety five workers completed the first survey. Six months later, 188 subjects completed a follow-up interview, resulting in a 97% completion rate for the second wave.

### *Measurement*

In this analysis, financial pressure was measured in three ways. First, a five point scale ranging from none to a great deal of difficulty measured the extent of difficulty paying bills each month. Second, we measured whether monthly credit card payments had gone up in the six months since the plant closed as a means to assess whether the worker used credit to make up for lost income. Finally, whether home ownership status had changed over six months would indicate either very severe financial problems if home ownership declined, or a substantial investment from their severance package if home ownership increased.

Emotional well-being was measured using the depression and anxiety subscales from the Symptoms Checklist-90-R (Derogatis, 1994). The depression and anxiety subscales consist of 10 items each that define depression and anxiety, with a response range from 1, not at all, to 5 extremely. The clinical cut-off for depression was a standardized score greater than 62 for both depression and anxiety. The reliability of the scale was found to be good, with a coefficient alpha of .88 (Simons, Beaman, Conger, and Chao, 1993).

Other measures include demographic characteristics of the displaced workers, including race (African American or White), marital status (married or unmarried), single parent status, and gender. Also measured was the plant wage per hour at the time of the closing, wages for those immediately reemployed at time one, and hourly wage for those employed by time two. Finally, whether the respondent was working at a new job or was in a training or educational program at the six month follow-up was measured dichotomously, yes or no.

### *Data Analysis*

Univariate and bivariate statistics were used to describe the sample and compare the financial difficulties of respondents during the six month period. T-tests analyzed significant variation

in depression and anxiety scores from baseline to the six month follow-up. An Ordinary Least Squares multiple regression was used to predict financial difficulty, depression and anxiety at the six month follow-up.

### *Limitations*

There are several limitations to the current descriptive study. The small sample size of workers who were reemployed by the six month follow-up make some of the analyses impossible to generalize to a larger population. Yet it is very instructive to see the wage shifts over time as more and more people begin to become employed.

Credit card debt was also particularly problematic because only 67% of the sample had credit cards. However, credit card debt is an important indicator that people are supplementing lost wages through increased personal debt with high interest associated with it. While it cannot speak to all of the blue collar workers in this study, it is an important issue for future financial stability.

To insure the power of the multiple regression models, power analyses were conducted on the follow-up sample size of 188. Power was calculated for a model containing two sets of variables (5 variables in the first set and 2 in the main set). Using the increments to the R-square generated by the current study and an alpha level of .05, the power was .95, more than sufficient for the study.

## Results

### *Demographics of the Sample*

Eighty-eight percent of the sample were female, 76.4% were white and the average age of the dislocated worker was 40. Sixty five percent were presently married or living with someone, the average family size was 2.9 and 52.9% of the sample had children presently in the home. Employees had worked at this plant an average of ten years at the time of the closing, with some employed by the company for as many as 30 years.

A majority of the dislocated workers had a high school education (56.2%) or a GED (8.8%), although there was still a large

Table 1

*Demographic Characteristics of the Sample*

	<i>Frequency</i>	<i>Percent</i>
Gender		
Males	21	11.2%
Females	167	88.8%
Marital Status		
Married	115	61.2%
Single	20	10.6%
Separated	4	2.1%
Divorced	30	16.0%
Widowed	7	3.7%
Co-habiting	12	6.4%
Race		
African American	35	18.6%
Asian American	2	1.1%
Hispanic American	3	1.6%
White American	144	76.6%
Native American	3	1.6%
Other	1	0.5%
Geographic Location		
Rural	64	34.2%
Urban	123	65.8%
Average Age of worker	40.52	
Average Household Income	\$1934.97 per month	
Average Plant wage	\$9.57 per hour	
Average wage, new job	\$7.81 per hour	
Average Education level	11.93	

percent who had not completed high school (17%). Because the manufacturing plant hired an education-based consulting firm to assist in the closure, there has been a heavier emphasis on enlisting workers into training programs than one might find at other plant closures. The consulting firm provided remedial education, coordinated training activities, and provided placement counseling for employees. Forty-nine percent of the sample were

enrolled in a school or training program at the time of the first interview. Table one provides a breakdown of the demographic characteristics of the sample.

*Financial Difficulty*

Figure 1 describes the differences in our three subgroups in the financial difficulty they experienced during the six months since the plant closed. All groups reported some financial difficulty. Single persons reported a 22% increase, women a 26% increase, single parents a 20% increase, and African Americans a 17% increase. Single parents reported the highest percentage of financial difficulty, with a full 80% reporting financial problems at time two. Baseline measures at time one, however, show that over half of single parents and African Americans were already experiencing financial difficulty before the plant closed. In fact, their reported financial difficulty was higher at time one than male, white and married person's financial problems at the six month follow-up.

Figure 1  
*Difficulty Paying Bills by Race and Gender*

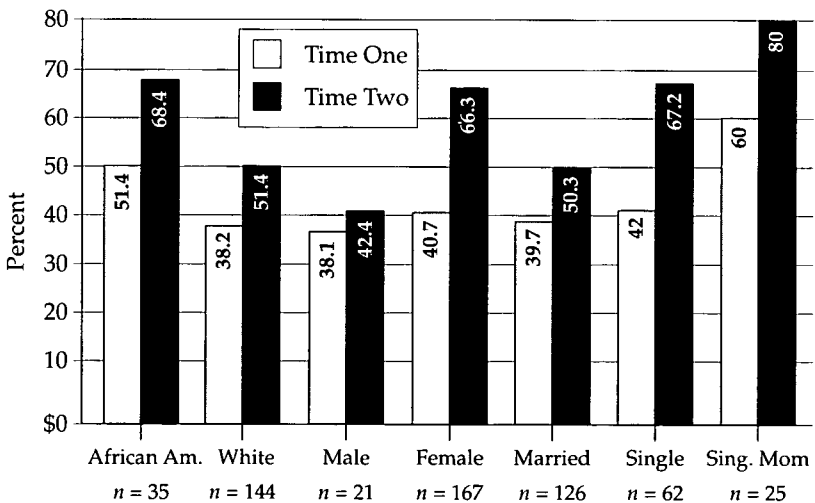


Figure 2 reports the second measure of financial difficulty, increased credit card debt. Again, all groups reported some increases in credit card debt, but African Americans and single parents experienced the greatest increases. This is at the same time that income dropped drastically for the 49% of previous employees who decided to attend school and were living on unemployment benefits at the time of the second interview.

In terms of home ownership, the most severe form of financial hardship measured, figure three shows the percentage of those owning their homes by race, gender and marital status over the six month time period. In total, eighteen people gained or lost home ownership during the six month period. Five white females and two white males bought homes in the six month period, while four white females and six African Americans, three of whom were single parents, lost home ownership during the same six month period.

Given the literature on the changing labor market, we wanted to assess whether reemployment offered similar wages, an indica-

Figure 2

*Credit Card Monthly Payments by Race, Gender, and Marital Status*

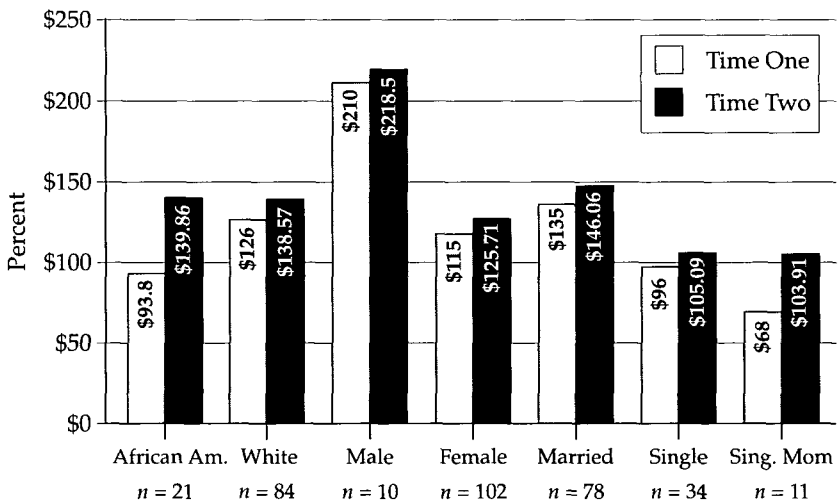


Figure 3

Home Ownership by Race, Gender and Marital Status

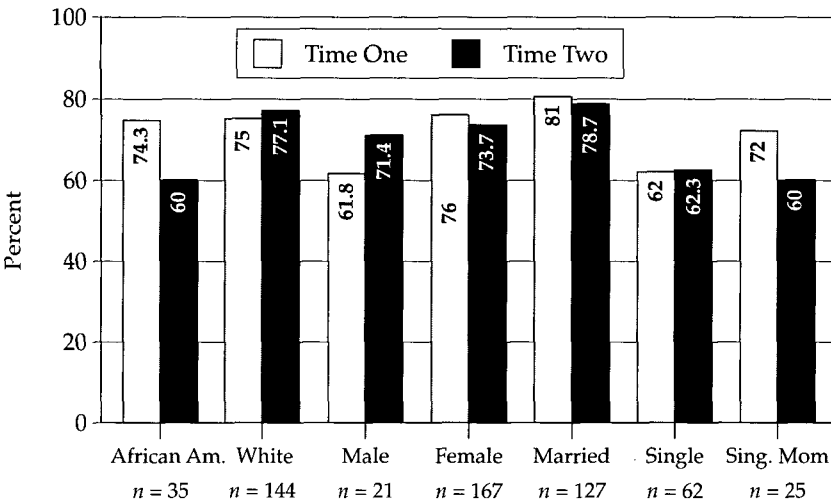


Table 2

Hourly Wages: Plant job, Immediate (T1) and 6 Month Reemployment

Characteristic	Plant wage, n = 186	T1 wage, n = 32	T2 wage, n = 65
Female	\$9.41	\$7.96	\$7.68
Male	\$10.84	\$7.88	\$8.48
African American	\$9.27	\$7.11	\$7.13
Caucasian	\$9.66	\$7.07	\$7.89
Married	\$9.66	\$6.89	\$7.81
Single	\$9.37	\$7.75	\$7.83
Single Parent	\$8.96	\$7.39	\$7.49

tor of whether chronic financial problems might plague the families, above and beyond the problems of unemployment. While the initial numbers of the reemployed are small, it gives an idea of what the labor market may hold in terms of hourly wages. For the overall sample, the plant wage averaged \$9.57 per hour. For those who became reemployed immediately after the plant

closing, their wage dropped an average of \$2.41 to \$7.16 per hour. For those who waited and were employed by time two, six months later, they received an average \$7.81 per hour, still far short of their original plant wage. Table two compares wages by race, gender and marital status, both at their plant job and subsequent reemployment. The original plant wage for single parents was \$8.96 and for African Americans, \$9.27, the two lowest paid categories of our subgroups. They also reported the lowest reemployment wages six months later, at \$7.49 and \$7.13 respectively.

Also assessed was whether the dislocated workers had access to health insurance. All workers had private, employer-related insurance at the plant. After the closure, the employer also paid the premium for COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985, a continuation option on employer-provided health plans for laid off workers) for varying periods of time, depending on employee seniority. Six months after the closure, 16% of the overall sample were uninsured. Of those working at time two, 13.25% were uninsured. An additional 38% of those working at the six month follow-up were either still covered under COBRA or were on TennCare, the state's Medicaid program.

### *Emotional Well-being*

Table 3 illustrates how depression and anxiety changed in the six months since the plant closed. At the time of the plant closing, all of the groups studied were above the cut off for clinical depression, except for African Americans and married women. This is very interesting, considering that African Americans reported some of the greatest financial difficulty. Overall, the sample significantly declined in both depression and anxiety in the six months period. However, these declines were not evenly distributed demographically. Women's depression and anxiety significantly declined while men did not. Married women, in particular, had significantly lower depression and anxiety scores at the six month follow-up than did single women. And African Americans, had significantly greater declines in both depression and anxiety than their white co-workers in the six months after the plant closed.

To test our two competing hypotheses regarding financial difficulty and its relationship to the emotional well-being of our demographic subgroups, three multiple regression models (Table 4)



Table 3

*Comparison of Depression and Anxiety Scores by Time Intervals<sup>1</sup>*

<i>Characteristics</i> n = 187	<i>Depression Score</i>		<i>Anxiety Score</i>	
	<i>Time One Total</i>	<i>Time Two Total</i>	<i>Time One Total</i>	<i>Time Two Total</i>
Overall	62.36	60.30*	60.72	58.50*
Men	62.70	60.95	59.90	61.70
Women	62.32	60.27*	60.81	58.11**
Women				
Married	61.76	58.72**	60.15	57.41**
Unmarried	63.62	63.77	61.92	60.80
Race				
Af. American	61.54	58.37*	59.14	55.60*
Caucasian	62.31	60.71	60.76	59.15

<sup>1</sup>cut off for clinical depression and anxiety is > 62.

\* $p < .05$ , \*\* $p < .01$ .

were analyzed. The dependent variables of financial difficulty and the two emotional well-being measures (depression and anxiety), were regressed simultaneously on the four sub-groups, gender, race, marital status, and single parenthood. Having financial problems at time one and being in school at time two significantly predicted financial difficulty at time two. When looking only at demographics, being white and having financial difficulty at time two predicted depression at time two. However, when school or work is introduced, only financial difficulty predicts depression. The same situation occurred when predicting anxiety, with financial difficulty remaining significant and race falling out of the model when school and work are introduced.

It is clear that financial difficulty is the primary means by which stress is felt for these workers. If the hypothesis that any job is a good job holds then financial difficulty should not interact with current work to predict depression or anxiety at time two. However, if Kessler and associates' hypothesis holds, then those who have financial difficulty because of lower paying jobs should experience increased emotional stress. To test this hypothesis the two emotional distress variables, depression and anxiety

Table 4

*Regression Analysis—Predictors of Wave 2 Financial Difficulty, Depression and Anxiety: Two Stage Analysis*

	Financial Difficulty at Time Two				Depression at at Time Two				Anxiety at at Time Two			
	b	SE	T		b	SE	T		b	SE	T	
Demographics Only												
Race	.171	.228	.752		4.77	2.38	1.99*		5.09	2.49	2.04*	
Marital	.146	.204	.716		1.94	2.17	.894		3.06	2.27	1.35*	
Single Parent	.300	.280	1.073		2.07	2.97	.697		-.952	3.10	-.307	
Financial Difficulty	.634	.064	9.931**		3.42	.644	5.31**		4.01	.673	5.97**	
At Time One	Adjusted R2	.368			Adjusted R2	.151			Adjusted R2	.177		
	F	26.93**			F	8.87**			F	10.53**		
	N	178			N	177			N	177		
Demographics, School and Work												
Race	.198	.227	.876		4.71	2.42	1.94		4.94	2.54	1.94	
Marital	.223	.207	1.080		1.42	2.23	.639		2.65	2.35	1.12	
Single Parent	.261	.276	.9453		2.26	2.98	.758		-.739	3.13	-.236	
Financial Diff-T1	.640	.063	10.11**		3.31	.661	5.01**		3.91	.695	5.63**	
In School	.345	.166	2.07**		-.447	1.79	-.248		-1.12	1.88	-.597	
Working	.004	.170	.293		1.42	1.83	.776		.818	1.92	.425	
	Adjusted R2	.391			Adjusted R2	.138			Adjusted R2	.159		
	F	19.48**			F	5.59**			F	6.435**		
	N	173			N	172			N	172		

\*  $p < 0.5$ , \*\*  $p < .01$ .

were regressed on the interaction between working and financial difficulty. The model with the interaction terms was significant in predicting depression ( $F = 13.026$ ,  $p < .001$ ,  $R^2 = .419$ ). The interaction itself was significant at the .001 level, with a T-score of 3.54. Working, therefore, does not increase depression except under the conditions of financial difficulty. This lends support to Kessler and associate's hypothesis that lower wage work in the new economy will not serve to return workers to their previous standards of living and does not support the current policies which continue to decrease the opportunities for significant educational gains for dislocated workers and other unskilled labor.

### Discussion

Given the research questions, which subgroups experienced greater financial adversity, all the groups experienced some financial difficulty. However, single parents had by far the largest percent reporting financial difficulty, while single females and African Americans followed a close second. Along these same lines, immediate reemployment did not avert financial difficulty of job loss in the short run, with an average job loss of more than \$2.00 per hour, six months after the plant had closed. The fact that minorities and females, in particular female-headed households, also had lower original plant wage, supports previous research on the greater risk of financial adversity during economic downturns for these subgroups (Gordus & Yamakawa, 1988). Since they had lower pay to begin with and more financial difficulty when employed at the plant, they would have fewer resources to fall back on during the reemployment period. While those in training will continue to experience financial difficulty until their program is complete, follow-up will be needed to see if their training will serve to increase their hourly wage.

Who seems to have recovered emotionally more fully? Married women had the lowest overall depression and anxiety scores six months after the plant closure. Surprisingly, African Americans also seem to have greater emotional well-being, although they suffered more financial difficulty, as well as lower reemployment wages. African Americans, although exhibiting some of the greatest financial difficulty during the initial baseline interviews

while they were still receiving their plant wage, had the lowest overall depression and anxiety scores at baseline of all the subgroups studied. The apparent resiliency of the African Americans in this group supports much of the coping and adaptation literature on African Americans (Denby, 1996; Daly, Jennings, Beckett, & Leashore, 1995).

The final research question, whether immediate reemployment made a difference in financial and emotional recovery, had mixed results. It is clear from the regression analyses that financial difficulty is the most important factor in predicting emotional well-being at time two, both for depression and anxiety. Support also exists for the hypothesis that accepting new jobs will not decrease depression if financial difficulty persists. All those who accepted new jobs at the six month follow-up had not received additional retraining. Therefore, immediate reemployment for those without financial difficulties did assist in emotional well-being. But those who became immediately reemployed but continued to have financial difficulty did not experience the same well-being.

#### *Implications for Social Welfare Policy*

There is evidence that job training and education have positive impacts on wages, if that training goes beyond basic education (Neenan & Orthner, 1997; Orr, Bloom, Bell, Doolittle, Lin & Cave, 1996). While policies to increase individual human capital investments are important strategies, we cannot deny that low-paying jobs requiring few skills and offering few benefits are presently a growing sector of the economy. Furthermore, the low unemployment rate has resulted in policies which downplay the importance of training, as can be seen in the decreasing significance given to training in both the latest welfare reform efforts, as well as the Workforce Investment Act ((P.L. 105-220) which repeals JTPA and sees training as a last resort. While the current low unemployment rate will force wages up somewhat, they will not provide the same benefits and security as the manufacturing jobs of the past. It is evident in this analysis that while all unskilled workers will continue to suffer disadvantage in the current labor market, our most vulnerable workers, minorities and single parents, will suffer disproportionately.

Furthermore, we must be cognizant of the fact that the unemployment rate is a transitory rate, and cannot be depended on to remain stable, particularly in a global economy. More than ever before, safety net programs, such as social security, the earned income tax credit and some form of national health care coverage take on a new importance for the well-being of families. With forty three million people in the U.S. without health insurance in 1997 (U.S. Bureau of the Census, 1998), it is again time to push for health insurance reform. At the same time, however, politically conservative forces are trying to dismantle current safety net programs, such as social security, exposing low income individuals to potentially disastrous market fluctuations (Mashaw & Marmor, 1996). Only through continued political participation, both individually and through coalitions, will social workers and other political practitioners be able to offset some of the negative effects of the labor market shifts currently affecting our most vulnerable workers.

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